

PART V. STRATEGIC PLAN

AFFORDABLE HOUSING

The Department of Housing and Community Development will focus on serving the low to moderate-income residents of the District of Columbia by using federal and local funds to retain, preserve, rehabilitate and produce affordable housing, and to increase homeownership opportunities. Since the market forces currently at work in the District and within the region are not addressing the need for more affordable units or for low-moderate homeownership, it is incumbent upon DHCD to utilize its local and federal resources to influence the market and preserve opportunity for economic and cultural diversity.

HUD GOALS: Decent Housing, and A Suitable Living Environment

DHCD Priority Goals:

1: Create and Retain Affordable Housing

To place DHCD's affordable housing production strategy in context, it is important to understand the funding process at DHCD, the subsidy levels required to meet our goals, and the emerging challenges.

DHCD has established as its housing priorities, rehabilitation and new construction of rental housing, homeownership housing and community facilities; preservation of housing with expiring federal subsidies; and housing for the elderly and for persons with special needs. These priorities are based on the housing needs identified in the Housing and Service Needs and Special Needs Housing sections above, as well as the legislative priorities of the Housing Production Trust Fund Act. The Act requires DHCD to set aside at least 80 percent of the funds for housing that benefits persons with incomes no more than 30 percent and 50 percent of the area median income (AMI). As Table 7, Table 8, and – particularly for households at 30 percent of AMI – Table 5 so clearly demonstrate, these are the population sub-groups that experience the greatest rates of housing problems. The elderly are another priority area, even though they experience a lower rate of housing problem than the general population at all income levels, because of the shortage of service-enriched housing that many elders occupy, while Table 9 demonstrates the lack of housing for persons with special needs.

While the priorities of “rehabilitation and new construction of rental housing, homeownership housing and community facilities” appear broad, they are in fact distinct. The Department promotes homeownership, through the construction of single-family units and the conversion of rental housing to condominiums and cooperatives as well as through its Home Purchase Assistance Program. Our larger focus is on rental housing rehabilitation rather than new construction, however, because of the large supply of older multifamily buildings and the relative shortage of undeveloped land for rental housing new construction. Finally, the Department places a priority on the construction or rehabilitation of community facilities, to help alleviate the shortage of supportive services documented in Table 9, and – where possible – some

of the facilities needs identified in Table 15, the Community Development Needs Table. (While DHCD is not involved in projects involving sewer system improvements or solid waste, the Department has provided funding to senior centers and other neighborhood facilities.)

DHCD advertises these priorities through its competitive funding process, in which we issue a Notice of Funding Availability (NOFA) followed by a Request for Proposals (RFP) for development proposals, and a Request for Applications (RFA) for neighborhood-serving initiatives. In the last two years, DHCD has incorporated these preferences into the scoring methodology for its Requests for Proposals (RFP). Over this two year period, DHCD has participated in the financing and production of 3,864 units of affordable housing covering the priority categories. DHCD has responded to the housing challenges of supply and payment burden in three direct methods:

1. Increasing the supply of affordable housing,
2. Including covenants and restrictions in the various financing agreements, defining periods of affordability and income levels, and
3. Annual monitoring of all DHCD-assisted housing to ensure that housing standards and compliance requirements are being met.

While DHCD anticipates that these priorities will remain constant in the upcoming years since they are consistent with the housing concerns identified by the community and in housing market assessments.

Challenges: The characteristics of the District's housing market have affected the way that DHCD has responded to the affordable housing challenge. The Department has provided approximately \$30 million annually in a combination of federal and local resources. The average subsidy has been \$30,000 per unit. (While \$30,000 represents the average subsidy per unit, it should be noted that the level of subsidy varies by housing product, with significantly greater subsidies requires for housing serving households at the extremely low and very-low income levels; and with special needs.) The challenge of maintaining the current production standards will increase primarily due to demonstrated increased costs of producing housing. As we have seen in the housing market analysis all costs related to housing have increased and continue to increase in DC and the region.

In 2003, DHCD assisted in financing 2,256 units of affordable housing at an average total development cost (TDC) of \$103,302 per unit, and an average subsidy of \$18,785 per unit, representing a leverage factor of 4.49 per subsidy investment. Specifically, the average costs per unit by housing type were:

FY2003 Housing Cost and Subsidy		
Housing Type	Average TDC	Average Subsidy Per Unit
? Rental	\$110,492	\$16,299
? Homeownership	\$120,729	\$31,443
? Special Needs	\$97,117	\$19,171
? Tenant First Right Purchase	\$66,248	\$14,445

In FY 2004, DHCD assisted in financing 1608 units of affordable housing at an average TDC of \$88,917 per unit. DHCD's subsidy was \$32,082 per unit and the leveraging factor was 1.77. Specifically, the average costs per unit by housing type were:

FY2004 Housing Cost and Subsidy		
Housing Type	Average TDC	Average Subsidy Per Unit
? Rental	\$95,402	\$19,650
? Homeownership	\$159,667	\$16,490
? Special Needs	\$97,336	\$44,684
? Tenant First Right Purchase ²⁵	\$43,121	\$43,121

The above tables demonstrate that the housing development costs are increasing within the District of Columbia and that with a static or decreasing resource base, DHCD will be challenged to maintain consistent levels of production beyond the next five years.

As noted above, the District has a greater supply of existing multifamily buildings than it has opportunities for new development; and, where private parcels do exist, market rate housing is able to "price out" affordable housing development. The National Capital Revitalization Corporation, which controls many key parcels of vacant land in Columbia Heights, Shaw, and other high-profile neighborhoods, does require that developers set aside a percentage of their units for persons with incomes at 80 percent or less of the area median income. Nonetheless, the Department has found that the best strategy for preserving affordable housing is (1) to rehabilitate existing multifamily buildings that need repair, make them lead-safe, and protect long-term affordability through covenants, or (2) to provide acquisition funding to tenants who seek to convert their apartments to long-term affordable homeownership units.

Low-Income Housing Tax Credits as a tool to finance affordable housing: The Low Income Housing Tax Credit program (LIHTC) is a subsidy for the development and operation of affordable rental housing offered through the Federal tax code. The strategy that the District of Columbia employs to coordinate the LIHTC with the development of affordable housing is to allocate the annual allotment of tax credits in a competitive process conducted through a request for proposals issued to attract potential rental housing developers consistent with the requirement set forth in the Internal Revenue Code. The developers are encouraged to utilize the tax credits in conjunction with the other available resources that are included in the same request for proposals process.

2: Expand homeownership opportunities

In the past five years, the District has witnessed a dramatic and unprecedented escalation in the price of for-sale housing. The median sale price of single family homes listed for sale in the District more than doubled in four years—from \$175,600 in 2000 to \$375,000 at the end of 2004. As a result, the stock of available affordable housing for low- and moderate-income homebuyers has dramatically decreased during this time, with a 66 percent decrease in the

²⁵ DHCD funding was for the acquisition by the tenants with no rehabilitation budget yet identified. The entire development budget at this time was the DHCD funded acquisition.

number of units for sale at prices less than \$150,000. This has made it very difficult to increase the District's very low citywide percentage of homeowner-occupied housing stock, currently 43 percent. (See the "Trends in Housing Cost" discussion on page 10.)

The Department is focusing on several initiatives to facilitate increased homeownership opportunities in the District, particularly:

- ? Finance the development of homeownership properties affordable to low- and moderate-income homebuyers;
- ? Support tenant groups seeking to exercise their "first right to purchase" when rental properties are listed for sale, by providing technical assistance and financing that facilitates conversion to cooperative or condominium housing;
- ? Provide down payment and closing costs financial assistance under highly favorable terms to first-time homebuyers; and
- ? Provide rehabilitation financial assistance to existing homeowners, allowing them to maintain their properties as safe, decent, and appropriate accommodations.

DHCD made a number of improvements to its Home Purchase Assistance Program (HPAP) in FY 2004 to increase lower-income households' opportunities to become first-time homeowners. In April 2004, the Department implemented amendments to the HPAP regulations, which increased the levels of down payment and closing cost assistance to low-income first-time homebuyers by as much as \$10,000, depending on the borrower's income. The amendments also eased repayment requirements on HPAP loans, by deferring all payments for at least the first five years of homeownership, lowering interest rates, and extending periods of repayment, again depending on the borrower's income.

In FY 2005, DHCD is increasing efforts to market the HPAP program to the lender and realtor communities, as well as to prospective first-time homebuyers. The Department has seen an increased success rate in the HPAP program thus far this fiscal year, with 92 HPAP loans closed as of January 31, 2005. In addition, the Department is implementing the new federal American Dream Down payment Initiative (ADDI). The Department intends to use ADDI funds to supplement - by as much as \$10,000 per homebuyer - assistance levels already available to low and very low income first-time homebuyers through HPAP.

The Department has recently made significant changes to processing applications from homeowners to the Single Family Residential Rehabilitation Program, thereby facilitating a reduction in the processing time for rehabilitation assistance. However, the extremely competitive market for rehab contractors continues to place restraints on the ability of homeowners to secure construction services on a timely basis, and thus limits the extent to which rehabilitations projects move forward quickly.

Over the five-year period of this Consolidated Plan, the District has set the following affordable housing priorities and goals:

Table 16: DHCD Housing Goals and Income Level Served Annual

Priority	Annual Goal	Annual, 0-30% of AMI	Annual, 31-50% of AMI	Annual, 51-80% of AMI	5-Year Goal
Production: Fund rehabilitation or construction of affordable rental and owner units ²⁶	1,508	302	980	226	7,540
Ownership: Provide funds to assist tenants to convert rental units to ownership under the First Right to Purchase Program	150	45	75	30	750
Provide funds for current homeowners to bring single-family homes to housing code standards	35	14	18	3	175
Fund down-payment and closing costs for first time home purchasers through the Home Purchase Assistance Program (HPAP)	240 ²⁷	0	80	90	1,200
Supplement down payment and closing cost assistance for first-time homebuyers through American Dream Down payment Initiative (ADDI)	25 (based on FY 2006 projections)	0	10	15	125

These priorities reflect both the needs of households at 31-50 percent of area median income and the deep subsidies, resulting in fewer units per dollar, needed for housing for households at 0-31 percent of AMI. They also reflect the Department's continued commitment to homeownership that – again, because of high market prices – tends to impact households at 51-80 percent of AMI rather than lower-income households.

Lead-Safe Washington

DHCD requires that lead-based paint (LBP) hazards be addressed in every project it undertakes involving an existing residential building. The Department has incorporated the requirements of the federal Lead Safe Housing Rule (*Code of Federal Regulations* Title 24, Chapter 35) into its rehabilitation programs. DHCD also cooperates with the District of Columbia Department of Health to ensure compliance with the District's LBP regulations, which in some areas are even more stringent than those in the federal regulation.

While addressing LBP hazards in all projects, DHCD also operates a separate Lead Safe Washington (LSW) Program. The LSW Program specifically targets housing units occupied by lower-income families with young children. It operates in tandem with the larger rehabilitation programs in that LSW funds can supplement rehabilitation funding for a project in which LBP

²⁶ Including units for the elderly and persons with special needs.

²⁷ Figures shown include downpayment and closing cost loans made with non-federal funds, which provide assistance to households with incomes up to 110% of Area Median Income.

hazard reduction will take place, but an LSW project also can stand alone as a project only to remove LBP hazards.

LSW is funded by two HUD grants totaling \$4,997,743 awarded to the Department of Housing and Community Development in September, 2003. DHCD is providing \$2,983,670 as matching funds and \$1,903,358 in contributing funds. LSW will produce 400 units of lead-safe housing through March, 2007, and has a significant community education, training and outreach component. Financing lead hazard control is done with grants.

LSW operates both city-wide and in the three target areas of Marshall Heights/Deanwood, Congress Heights and Ivy City/Trinidad. It has recently identified the Georgia Avenue/7th Street Corridor as an initiative with its high density of older (pre-40) housing.

DHCD's agency partners include the Department of Health, the Department of Consumer and Regulatory Affairs, and the Department of Employment Services. Partnerships with the Coalition to End Childhood Lead Poisoning, the East of the River Community Development Corporation, the Edgewood/Brookland Family Support Collaborative, and the East River Family Strengthening Collaborative provide the outreach and education component.

Additional Lead Intervention:

As an accompaniment to the District's efforts to reduce lead hazards, DHCD's Single Family Residential Rehabilitation Program is financing the replacement of the privately-owned portion of residential lead water service lines. The D.C. Water and Sewer Authority is replacing all of the District's residential lead water service lines by 2013; DHCD offers its financing to eligible low-income households as they are scheduled to have the public portion of their lines replaced by WASA.

HOMELESS HOUSING AND SUPPORT PRIORITIES

With the available funding from federal and local sources, the Partnership plans to address the housing needs of 5,230 families and 2,094 individuals. Through the Partnership's Continuum of Care providers (see discussion below), 2,905 homeless families and 7,853 individuals will receive supportive services including job training, case management, substance abuse treatment, mental health care housing placement and life skills training. The services provided will assist a range of families with special needs such as those with substance abuse and serious mental health issues; veterans; persons with HIV/AIDS; victims of domestic violence and youth. In all, it is estimated that there are 1,596 families and 3,633 individuals with special needs that will be assisted over the five-year period through the Continuum of Care.

Homeless Assistance Centers: As part of the 10-Year Plan to End Homelessness, there is a recommendation to establish "Homeless Assistance Centers" with mainstream services on site. These would be neighborhood-friendly establishments that would replace sites that had negative impacts on neighborhoods. This concept will be explored over the Consolidated Plan period. Where practical, ESG funds will be used to support the Centers.

Underlying the Partnership's plan are assumptions that funding to DC agencies that work with specific sub-populations and the various HUD programs underlying this plan will remain at least at current levels, and that some other sources will materialize. It also assumes that the Ten Year Plan to End Homelessness will be implemented and progress made in completing housing for homeless persons and families.

DHCD Priority Goal: Using ESG funds to prevent homelessness and assist families with shelter.

As part of the District's strategy to prevent homelessness and to serve homeless residents, DHCD will utilize the Emergency Shelter Grant (ESG) to fund the following priorities in FY 2006. If the same priorities for FY 2006 continue throughout the 5-year period, the following goals will be accomplished:

Table 17: ESG Homelessness Priorities

Priority	ESG Funds only	
	Annual Goal (FY06 Action Plan)	5-Year Goal
<u>Prevention:</u> Provide emergency eviction prevention grants to families and individuals	278 families 78 individuals	1,390 families 390 individuals
<u>Shelter Operations:</u> Provide shelter for at least 55 families at a site to be determined	55 families	275 families

Continuum of Care: (See also Appendix C)

The District/Partnership-managed Continuum of Care for homeless persons provides the following capacities and shelter and supportive services, some managed directly by the Partnership while others are projects funded directly by HUD but renewed annually through the HUD SuperNOFA process that the Partnership manages.

Table 18: Continuum of Care Resources

Public CoC Projects Managed by the Community Partnership					
Project Types	Population	Beds	Units (FC)	Families Served Annually	Persons Served Annually
KEY: SM=Single Male; SF=Single Female; SMF= Single Male & Female; FC=Families with Children; Y=Unaccompanied Youth;					
Outreach to streets	SMF	Nine programs covering the city			1,410
Emergency Shelter and Housing Assistance Centers	SMF	2,760			7,452
	FC		213	625	2,065
Domestic Violence Shelters	FC,SF		34	60	228
Transitional Housing	SMF,Y	432			1,015
	FC		180	195	578
Permanent Housing	SMF	466			470
	FC		195	195	512
	TOTALS	3,633	622	1,075	13,730

HUD McKinney-Vento Programs/Capacity that the Community Partnership Submits for Renewal Annually					
	Populations	BEDS	Units (FC)	Families Served Annually	Persons Served Annually
Transitional Housing	SMF,Y	146			344
	FC		103	103	306
Permanent Housing	SMF	201			201
	FC		100	100	330
TOTALS		347	203	203	1,181

Supportive Services Only Managed by the Partnership	SMF,Y	FC	Persons
Rental Assistance (Prevention)	90	190	660
Exit Assistance		65	195
Employment Search, Job Training	568	190	758
Childcare, assessments		102	102
Primary Healthcare	700		700

The District's Five Year Goals

Building the Continuum of Care and Adding Permanent Housing: The District's five year goals for addressing homelessness and the needs of the homeless are presented in Table 14. In summary, they include the addition of 7,324 shelter beds and transitional and permanent housing units through new construction and renovation and providing thousands of social service interventions in areas ranging from substance abuse treatment to mental health care, job training, daycare and primary health care.

Stated more precisely, the five year goals – which include some activity underway in FY 2005 – call for an addition of 2,094 beds for Individuals (480 beds in emergency capacity, 114 beds in transitional housing and 1,500 SRO or other appropriate permanent housing units) plus 75 emergency beds for 25 families, 205 beds in transitional housing for 62 families (205 ÷ 3.3 persons per family), and 1,500 permanent housing units for families (4,950 beds ÷ 3.3 persons per family), with at least 250 of these family units to be permanent housing with supportive services.

Homelessness Prevention: Twenty four social services agencies (at least one per ward) provide rent and utilities assistance to low-income families and individuals. There also are two legal service providers to help families resolve landlord-tenant issues. Other programs include the District's Interim Disability Assistance program, to help disabled persons pay housing costs until their federal payments are approved; Family Strengthening Collaboratives of non-profit organizations, funded by the District's Child and Family Services Administration, which provide rental assistance and other emergency services; and various crisis management programs. In addition, the District and the Partnership have convened a Discharge Planning Task Force to develop recommendations to prevent re-entry to shelters by chronically homeless persons and to prevent homelessness among people coming out of jails, hospitals and other mainstream public and private institutions. There is also planning underway for Continuum of Care agencies (especially family central intake) to work with the Department of Human Services/Income

Maintenance Administration so that the TANF program can serve as a prevention of or a first response to homelessness.

Outreach: As documented in Appendix C, there are many outreach programs serving the homeless and other people with special needs. Drop-in centers, food kitchens and pantries, shelters, and medical service providers all provide entry points into the Continuum of Care. Continuum of Care members provide targeted outreach to homeless sub-populations such as the mentally ill, substance abusers, homeless youth, homeless veterans, and persons living with HIV/AIDS.

Emergency Shelter: The current inventory of publicly and privately funded emergency shelters extends from seasonal to year-round overnight to 24- hour service enriched shelter for individuals vs. families, and provides about 3,880 beds. The District's goal is to expand the number of emergency beds available to about 4,435.

Transitional Housing: The District plans to add 114 beds in transitional housing for Individuals, most of these to be homeless veterans, and 205 beds in transitional housing for 62 families (205 ÷ 3.3 persons per family), with 50 of these to be targeted to families in the early stages of recovery from substance abuse.

Permanent Housing: Over the next five years the District's will move 1,500 of the estimated 2,000 chronically homeless adults into permanent housing, and will place at least 250 families into permanent supportive housing.

SPECIAL NEEDS HOUSING

Housing Opportunities for Persons with AIDS (HOPWA)

The D.C. Department of Health, HIV/AIDS Administration (HAA) administers, expends and monitors the HOPWA grant. The HAA seeks to increase the number of housing slots for persons with HIV/AIDS between 2006 and 2010 by expanding its outreach and solicitation efforts to attract more housing vendors. Other strategies include:

- ? Outreach and cultivate local nonprofit developers, real estate professionals, and faith-based organizations as providers.
- ? Technical assistance for providers.
- ? Develop a knowledge base that will help us improve and manage program outcomes and determine best practices.
- ? Revamp, development, and enforce consistent use of reporting tools to assist data gathering.
- ? Establish focus group/roundtable of nonprofit housing developers, other programs (mental health/substance abuse) realtors, and other housing professionals to brainstorm on methods to expand housing options for families with children.

Over the five years, the HAA hopes to create an additional 5,180 housing units (permanent, emergency and supportive), as well as expand job and life skills training by 1,364 slots; expand

the case management capacity by 3,845; and provide transportation to an additional 1,926 persons. (See Appendix B for HOPWA Plans)

NON-HOUSING COMMUNITY DEVELOPMENT

Community and Commercial Development Priorities

HUD GOAL: Expanded Economic Opportunities

DHCD Priority Goal: Support Neighborhood Economic and Commercial Revitalization

Support economic opportunity and neighborhood revitalization through:

- ? Technical assistance to small businesses;
- ? Facilitating storefront façade improvements for small businesses;
- ? Bringing needed businesses to expanding commercial corridors;
- ? Developing micro-loans for small businesses in designated communities;
- ? Creating temporary jobs through construction projects; and
- ? Supporting development of local community and commercial facilities.

Through its Neighborhood Investment and Economic Development Activities, DHCD will focus commercial and economic development activities in neighborhoods that have experienced economic decline and physical decay. To accomplish this DHCD will fund community development organizations to carry out economic development activities in the neighborhoods those organizations have committed to serve. Among the types of activities to be funded are: (1) projects to retain and strengthen existing small businesses serving the neighborhood through technical assistance activities; (2) assistance for financing commercial storefront façade improvements for small businesses; (3) activities to broaden the commercial mix of stores, restaurants and services; and (4) micro-loans to small businesses (the last of these, specifically, through the H Street Community Development Corporation).

DHCD will also create temporary construction-related job opportunities through its housing development activity and assist in funding construction or rehabilitation of commercial and community facilities.

In addition, DHCD will work to focus the attention of other government agencies on a wide range of social service, employment, economic development, and infrastructure activities that support the Department's mission to improve overall neighborhood livability. The needs to be addressed are quantified in Table 19, and explained in this section.

Table 19: DHCD Neighborhood Investment Priorities

Priority	Annual Goal	5-Year Goal
Technical assistance to neighborhood businesses	1500	7500
Façade improvements for small businesses	100	500
Micro-loans to small businesses through H St. CDC	5	25
Temporary construction-related jobs created	2,000	10,000

Finally, the District will consider alternate uses of its Community Development Block Grant funds to secure additional financing for neighborhood development projects. Two vehicles for doing so are the Section 108 Loan Guaranty Program and the CDBG Float Loans. The Section 108 Loan Guaranty Program provides a lower-cost, long-term financing option for CDBG eligible projects by pledging future Block Grant entitlements. At present, the Office of the Deputy Mayor for Planning and Economic Development intends to use the HUD Section 108 Loan Guarantee Program to finance several large economic development projects currently in the planning and implementation stages. The CDBG Float Loan Program provides very low-cost, short-term financing for CDBG-eligible projects by lending obligated, but unused CDBG entitlement funds. The District is not using this vehicle at present, but DHCD and the Office of the Deputy Mayor for Planning and Economic Development will coordinate the administration of any such loans, if this program is utilized in any given year.

REDUCING BARRIERS TO AFFORDABLE HOUSING

The District is undertaking a variety of efforts not only to preserve and increase the supply of affordable housing, but also to reduce existing barriers to the creation of affordable housing. The Council of the District of Columbia created a Comprehensive Housing Strategy Task Force, which is charged with developing recommendations for:

- ? Preserving and creating mixed-income neighborhoods.
- ? Assessing and improving the quality, availability and affordability of rental housing for households at all income levels, including the impact of regulatory and other factors on the provision of quality rental housing.
- ? Assessing and increasing homeownership opportunities for households at all income levels.
- ? Preventing involuntary displacement of long-term residents.
- ? Assessing the quality and availability of housing options for special populations, such as seniors, individuals with physical or mental disabilities, and individuals who were formerly homeless.
- ? Increasing the District of Columbia's population by 100,000 residents by 2013.
- ? Assessing and improving the quality and availability of work force housing.

The Task Force includes representatives from the DHCD, the Office of Planning, the D.C. Housing Authority, and the D.C. Housing Finance Agency, and representatives from private for-profit and non-profit housing development organizations, banks, research institutes, social service providers, technical service providers, and advocacy groups. The Task Force anticipates releasing its findings and recommendations in May 2005.

The District also is updating its Comprehensive Plan, which governs land use and directs the District's growth. The Comprehensive Plan addresses land use, economic development, housing, environmental protection, transportation, public facilities, urban design and historic preservation, and serves as a guide for the District's zoning laws. The Comprehensive Plan was first drafted in 1984, and although it has been amended since then, the District needs a fully revised plan to reflect the current pattern of growth. Two of the four subject areas are "Access to

Employment” and “Housing Choices,” through which the District will develop policies to promote affordable housing development and to promote job growth so that more residents can afford housing in the District.

Regulation:

At the regulatory level, the Department of Consumer and Regulatory Affairs (DCRA) is using the “Existing Structures Code” to encourage the use and reuse of existing buildings, which lowers development costs. The Existing Structures Code was developed by the International Codes Council (ICC) and does not increase construction costs. Its provisions do not restrict the use of new materials, products, or methods of construction, nor do they give preferential treatment to particular types of classes of materials, products or methods of construction as required by the standard building codes. The District adopted the ICC Codes in January 2004.

Zoning:

Zoning regulations exist to protect the health, safety and welfare of residents. Zoning sets basic development standards such as setbacks, height, minimum lot size, open space set-asides and parking requirements. These requirements do not generally constrain housing production in the District. Currently, the city permits housing by right in all of its commercial zones and even provides zoning incentives for housing production in some of these zones.

Some constraints may result from the Uniform Height Act of 1910, limited land area for development and Historic District provisions. The Height Act is enforced by Congress, and cannot be changed by the District of Columbia government.

The District uses the Planned Unit Development (PUD) process as a means to relax zoning standards, and to grant additional density where certain amenities (such as affordable housing) are provided. However, even with PUD provisions, the Height Act effectively limits building height in the District to 13 or 14 stories.

A Building Code Advisory Committee, chaired by the Director of the Office of Zoning, convenes regularly to address the need for regulatory reform and permit streamlining. The Committee considers zoning options such as second units/granny flats; co-housing, and live-work arrangements.

Fair Market Housing

The District of Columbia has an active Fair Housing Program that includes legislative initiatives, outreach and education activities, assessments, regulatory actions and on-going monitoring.

The Council of the District of Columbia continually considers legislation that will remove barriers to affordable housing thereby producing greater access to fair housing choice. In FY 2004, the Council passed a property tax bill that will both increase the “Homestead deduction” for home values and limit the allowable annual increase in property taxes. The effect of this bill will be to allow households to increase the amount of home value that is not subject to tax – a great benefit for lower-income households whose property values have not increased. It also will

prevent lower-income households in areas of rapidly-escalating values from facing massive property tax increases.

The city is also taking steps to ensure that in their efforts to bring the city into compliance with housing code regulations and afford greater housing accessibility to its residents, it does not promote dated legislation and enforce latent policies which have a disproportionate discriminatory effect on residents of a particular ethnic or racial background. In FY 2005, the Council introduced bill B16-0050 "Rental Housing Conversion and Sale Amendment Act of 2005" to narrow the 95%/5% loophole in the Rental Sale Conversion Act of 1980 which allows rental property owners to bypass the First Rights of Refusal law by selling the first 95% interest in their property, then selling the remainder 5% after a twelve month period has expired. This particular loophole has been used to displace District residents from their homes, disproportionately a majority Latinos and other immigrants in high market areas.

As in many cities, one of the obstacles to affordable housing comes from barriers to equal access, either private sector driven (disregard for equal opportunity laws and regulations by the real state, lending, mortgage and insurance industries) or as a result of an overburden regulatory department which does not have the funding or personnel to enforce its compliance laws and regulations. The District of Columbia has made progress in overcoming the effects of the impediments identified through the *Regional Analysis of Impediments to Fair Housing*, in 1996 with an update in 2001, which formed the basis for DC's fair housing initiatives under the Five-Year Consolidated Action Plan (2001-2005) by engaging the non-profit sector in a city wide fair housing education and outreach efforts, as well as education of the private for profit sector which engages in production of affordable housing.

The Department of Housing and Community Development (DHCD) has an active Fair Housing Program within the office of Program Monitoring which oversees the Department's adherence to federal and local fair housing and equal opportunity laws and regulations as well as providing education and outreach on fair housing to all District residents. For the past three years, the Department has ensured that its funding awards are in compliance with FHEO regulations, in addition to ensuring its sub-recipients are well aware of the FHEO obligations under DHCD/federal funding. These activities include:

- ? Continue to promote fair housing education with community based organizations and encourage agency participation in activities which further fair housing outreach to underserved communities.
- ? Engage in activities which promote compliance with federal regulations and ensure program accessibility to communities with Limited English Proficiency (LEP). To this end, the Department will continue to provide agency program materials in English and Spanish, and other languages as deemed necessary by the community for the targeted program, as well as continued dissemination of the fair housing information and educational materials in English, Spanish, Vietnamese, Chinese and Amharic.
- ? Work in concert with HUD's FHEO office and private non-profit civil rights organizations to provide fair housing training sessions for 1) sub-recipients, 2) DHCD program and project

managers who manage sub-recipient grants to community based organizations, 3) developers, and 4) community development corporations.

- ? Coordinate the annual Fair Housing Symposium for fair housing month in April. The fourth annual Fair Housing Symposium is scheduled for April 2005. The Symposia are organized in collaboration with the DC Office of Human Rights and the Equal Rights Center, a regional fair housing non-profit organization.
- ? Continue to monitor all its sub-recipients to ensure compliance with fair housing and equal opportunity laws and regulations as well as to be available as a resource for constituents, and service providers.
- ? Continue to ensure Sec.504 accessibility compliance by DHCD grant sub-recipients. DHCD has engaged University Legal Services, to assist in the agency's compliance check of all its funded housing and community development projects.
- ? Actively pursue competitive HUD grants to provide fair housing education and outreach to linguistically isolated and other minority communities. DHCD has submitted and received three competitive fair housing and education grants. The first such grant was received in FY 2001, under the Fair Housing Initiatives Program (FHIP) Education and Outreach Initiative (EOI).. The second grant, FY 2003, was awarded to DHCD, in partnership with Housing Counseling Services, Inc.(HCS), on a twelve-month funding cycle and based on its performance it was awarded a continuing grant in fiscal year 2004.

DHCD will continue to partner with local community, grass roots organizations which provide direct services to District residents in order to ensure the various communities are targeted for agency program and fair housing education. As the city's real estate market continues to soar and neighborhood composition change-- demographically and by income, DHCD will be vigilant along with its partners to ensure that its clients will not become victims of predatory tactics by unscrupulous home repair scams, real estate agents, mortgage brokers or lending institutions.

Finally, DHCD management has met with and will continue to meet with representatives of the city's various special needs housing advocacy groups (e.g., groups representing individuals with chronic mental illness, needs related to substance abuse, physical challenges, the elderly, etc.), to better determine how DHCD may meet those populations' needs. Strategies will include enhanced enforcement of fair housing requirements, but also will be reflected in targeted funding for special needs housing in the DHCD competitive funding RFP process.

ANTI-POVERTY STRATEGY

As the District's demographic data in this document indicates, poverty has increased in the District. The increase for children is substantial, and poverty has become more concentrated. Despite economic advances, including an increase in the median income level and in home ownership, obstacles remain for the participation of low-income residents in the city's economic vitality.

Factors have already been cited as contributing to this anomaly: education levels that do not qualify many residents for emerging employment opportunities; shrinking entry-level jobs in

traditional industries; the loss of affordable housing units through reduced federal subsidies such as the Section 8 program and the reluctance of private housing developers to participate with the city in inclusion of subsidized units.

The employment changes that have increased economic dislocation have also contributed to the concentration of poverty, and the concentration of poverty has contributed to a downward spiral of social, public safety and environmental problems that compound the already existing economic and housing problems.

To address this situation, the District is formulating a holistic anti-poverty strategy to be directed at specific communities. Even though there is currently a wide array of health and social services and, job training and placement services available to residents – and even with the annual funding of over 1,500 low-moderate income housing units – economic market factors are outpacing the City's efforts to include all residents in its economic and social life.

To attack the underlying conditions contributing to poverty, the District will refocus its resources and apply them to critical areas to interrupt cycles of dropping out of school, joblessness, crime and physical deterioration and attempt turn around whole communities, not just their housing units. Communities experiencing indicators such as high rates of poverty or crime will become the initial target areas for this strategy. The District will work with residents of affected communities to identify specific actions needed and develop revitalization plans that take a holistic approach to solutions.

Planning: Identifying Assets and Needs: In developing each Community Plan with residents and stakeholders, the District will undertake neighborhood asset mapping, survey families to assess skill levels, needs for education, job training, small-business development and childcare as well as physical and mental health services and other family supportive services. The city will also perform market analysis of the areas, including rents, subsidies, occupancy rates and amenities for multi-family rental and for-sale housing. The analysis will review supply and demand for commercial and community space, and the ability of the community to absorb market units with affordable units. The community will be involved throughout each phase of planning and implementation.

Action and Financial Plans: After analysis of community needs, the District will prepare an Action Plan and Financial Plan for each targeted community. They will address not only physical redevelopment needs but the needs of the area's "human capital". These plans will be specific, with timetables and identified resources. The financial plan will assign responsibility and sources of funding for carrying out the community renewal plans over time. These Plans will be discussed with the communities and the obligations of individuals and organizations will be identified.

Relocation Strategy: If a community's plan calls for demolition or renovation of existing housing, a relocation plan will be developed for each property, and residents will be advised of their options. Housing will be replaced unit for unit, but not necessarily in the same property. A mixture of income levels will be sought to create a more diverse neighborhood, attract commerce with disposable income and generate revenue to help pay for improvements and services.

Development Plan: All the pieces of the strategic plan will be collected together, along with implementation recommendations to form the final development plan that will be used by the District to carry out the redevelopment of the target community.

Sites and Prioritization: In previous Action Plans, DHCD has listed target areas and “hot spot” crime focus areas where it provided incentives for re-development in its competitive funding processes. There are about fourteen sites in Wards 1, 5, 6, 7 and 8 that meet the two criteria established for Renewal Communities, and are located either in an existing target area or abutting one. Priorities will have to be set for successful planning and implementation of this strategy.

Prioritization Criteria: A sample of criteria that could be used to select priority sites are:

- ? *Immediate Need for Action:* Is the community facing pressures that require immediate action to ensure the preservation of affordable housing/ For example, are there multiple pending Federal actions that will terminate contracts on affordable housing properties? Is there an immediate loss of subsidized housing? Is there a concentration of Section 8 properties on annual contracts that owners are planning to terminate?
- ? *Impact:* Will the revitalization of the community allow for large-scale preservation of affordable housing? Will it allow for large scale production of new affordable units? A neighborhood may provide the opportunity for immediate impact – it may act as a catalyst for broader revitalization, or could address a single blighted community in an otherwise unstable community.
- ? *Availability of Adjacent Parcels:* Are there a number of adjacent sites/parcels that can support redevelopment? These can be privately owned parcels, or may be held by a government entity, non-profit, DC Public Schools, or National Capitol Revitalization Corp. The District may not necessarily need to purchase these, but can influence redevelopment through the planning process.
- ? *Local Site Control & Ability to Acquire:* Does the District have control over parcels that would be critical to the success of a redevelopment initiative; or how difficult would acquisition to vital properties be?

This is an ambitious plan and will a long-term commitment of resources and effort. The strategy will be under the City Administrator’s direction and coordinated under the Deputy Mayor for Planning and Economic Development with the Office of Neighborhood Services and the Office of Planning. The city estimates that it will cost more than \$7.5 million to complete planning for all the potential sites and that the total development costs could reach \$6 billion.

The Mayor will soon announce this new coordinated strategy to address poverty and identify the first communities to participate.

TARGETING

Under DHCD's competitive funding process, the most common, *eligible* project types funded by DHCD with its combined federal and local resources include:

1. Substantial Rehabilitation of Affordable Rental or For-Sale Housing
2. New Construction of Affordable Rental or For-Sale Housing
3. Community Facilities
4. Special Needs Housing
5. Preservation of Expiring, Federally Subsidized, Affordable Rental Housing
6. Elderly Housing

For FY 2006, the Department will continue to target its funding to address the demographic changes and needs identified in the 2000 Census, in the Administration's development priorities as identified in the Mayor's City-Wide Strategic Plan, and through DHCD's Needs Assessment Hearings. Through its city-wide citizen participation process, the District's Administration identified 13 areas for targeted investment. These remain priority areas for 2006-2010.²⁸

Table 20: District Areas for Targeted Investment

1. Anacostia	8. Ivy City / Trinidad
2. Bellevue	9. Minnesota / Benning
3. Columbia Heights	10. Near Southeast
4. Congress Heights	11. Pennsylvania Avenue / Fairlawn
5. Georgia Avenue, N.W.	12. Shaw
6. H Street, N.E.	13. Takoma*
7. Howard University / LeDroit Park	

*Takoma Park is not a CDBG-eligible area because of higher area incomes.

The rationale for prioritizing investment in these areas is that these areas meet the characteristics of the priority areas outlined in the District's FY 2006-2010 Consolidated Strategic Plan, which targeted investment to:

- ? Neighborhoods where crime, vacant housing and the absence of retail, educational and social enrichment opportunities require long-term sustained investment;
- ? Emerging Growth Communities, where development momentum has been established, but where further periodic investment is needed, and where existing residents need housing assistance to prevent dislocation;
- ? Neighborhoods abutting government centers, Metro stations and Convention Center;
- ? Neighborhoods in which there is a dense concentration of tax-delinquent, vacant, abandoned and underutilized housing and commercial facilities; and
- ? Gateways to the city – their first impression sets the tone for visitors' interaction with the city.

²⁸ Note that for the purposes of describing its investments and activities, DHCD cannot identify the exact location of activities to be undertaken, but specifies the target area (in compliance with HUD guidelines); DHCD will not have made its development awards for FY 2005 funding prior to the first quarter of the fiscal year.

The District of Columbia is also targeting activities from all agencies into a concerted initiative to increase public safety and reduce crime in twelve “hot spots”. Many identified areas overlap DHCD’s target areas. The hot spots are based on Metropolitan Police Districts and are shown in Table 21.

Table 21: Hot Spots for Targeted Investment

Ward 1 – Columbia Road	Ward 6 – Orleans Place
Wards 1 & 4 – Georgia Avenue	Ward 7 – 50 th Street
Ward 4 – GA Avenue and Longfellow	Ward 7 – Clay Terrace
Ward 5 – Rhode Island Ave.	Ward 8 – Ainger Place
Ward 5 – 17 th and M street	Ward 8 – Yuma Street
Ward 6 – Sursum Corda	Ward 8 – Elvans Road

The targeting of investment to these areas is particularly anticipated to result in an increase in affordable housing opportunities for households that have experienced the pressure of rising housing costs. It also will leverage private investment to ensure that neighborhood-serving commercial opportunities and community facilities/services are created and maintained. In the case of Ivy City, Minnesota/Benning and Congress Heights, where housing stock is particularly old and in poor condition, the District has targeted its Lead-Based Paint Outreach Grant to these neighborhoods to address lead-based paint hazards.

Other Targeting:

DHCD will work cooperatively with semi-governmental development corporations such as the National Capitol Redevelopment Corporation and the Anacostia Waterfront Corporation in endeavors that benefit low-to-moderate income residents.

It is anticipated that DHCD will work with these and other non-profit and for-profit organizations to leverage resources in support of projects that increase the supply of affordable housing and home-ownership opportunities; provide jobs; enhance commercial and community revitalization; retain and expand small businesses and improve the living environment for our residents. Resources may include the following financing mechanisms: the Section 108 Loan Guarantee Program; housing tax abatement; land sale, transfer or exchange; tax-increment financing; payment in-lieu-of taxes programs; the Housing Production Trust Fund; Low-Income Housing Tax Credits and others. DHCD’s participation could support, among other activities: pre-development costs, site acquisition, infrastructure improvements and new development.

Neighborhood Revitalization Strategy Areas

As part of the Five-Year Plan, DHCD will continue the designation of its two Neighborhood Revitalization Strategy Areas (NRSAs): 1) Georgia Avenue NRSA; and 2) Carver Terrace/Langston Terrace-Ivy City/Trinidad NRSA.

1. Georgia Avenue Neighborhood Revitalization Strategy Area

DHCD submitted an application for designation of the Georgia Avenue Corridor and the as a Neighborhood Revitalization Strategy Area (NRSA) to the U.S. Department of Housing and

Urban Development, in conjunction with the District of Columbia Fiscal Year 2000 Consolidated Plan.

DHCD will extend that designation into 2010. The city proposed to address economic development focused along the almost 5-mile corridor by approaching it as a single linear neighborhood. The Georgia Avenue Corridor has a distinct identity because it is one of the major north-to-south transportation routes connecting Maryland to downtown DC. The targeted area includes the 39 census blocks that abut Georgia Avenue from Florida Avenue, NW to Eastern Avenue, N.W

The NRSA development strategy will include job creation, housing and commercial development/rehabilitation, employment and entrepreneurial training and infrastructure improvements. A combination of projects and program activities has been identified in the NRSA supporting these categories to serve as the core tools for revitalizing the Corridor.

Table 22: Georgia Avenue NRSA Performance Data

Project Name	Lead Entity	Description	Outputs
Georgia Avenue Marketing Program	Washington DC Marketing Center, DMPED, NCRC	Attract 2 major employers to locate along the Georgia Avenue Corridor	Two major employers with job opportunities for local residents
Housing and Community Development	DHCD, DCHA, DCFA	? Rehabilitate 20 single-family homes by 2007; ? Provide loans to assist in the rehabilitation of multifamily units	? Retention of current owners in improved dwellings, ? Affordable units for rent and ownership.
Small Business Development Center	DHCD, DC Chamber of Commerce Foundation, DC Main Street Program	? Entrepreneurial training; ? Small Business management; training ? Counseling	? Retention and expansion of local businesses ? Preparation of local residents for homeownership,
Sidewalk and infrastructure Improvements	DDOT	Resurfacing/ redevelopment of sidewalks and infrastructure	Improved appearance and safety of the commercial node
Acquisition and redevelopment	NCRC, DHCD, DCHFA, Home Again Program	Acquire vacant and abandoned property along the corridor for redevelopment purposes	Property available for redevelopment and revitalization purposes

2. Carver Terrace/Langston Terrace/Ivy City/Trinidad NRSA

DHCD applied to HUD for the designation of the Carver/Langston Terrace/Ivy City/Trinidad (CLTICT) communities as a Neighborhood Revitalization Strategy Area (NRSA) in August 2000 for a period of five years. DHCD will extend that designation into 2010. The CLTICT NRSA includes five census tracts defined by New York Avenue, Florida Avenue and Bladensburg Road, and includes Galludet University and the Farmer's Market, as well as major residential and light industrial developments.

The NRSA development strategy will includes job creation, housing development, employment and entrepreneurial training, and infrastructure development. A comprehensive set of projects and programs has been developed around these four areas to serve as the core tools for revitalizing the neighborhood over the next five years.

Table 23: Carver, Langston, Ivy City, Trinidad NRSA Performance Data

	Lead Entity	Description	Outputs
Housing and Community Development	DHCD, Home Again Program	? Increase Home Ownership Opportunities ? Single Family Residential Rehabilitation Program	? 50 new homeowners ? Improved residential property (1-4 units) in the community, retention of homeowners.
Employment and Entrepreneurial Training	DOES, NSI	? Training and employment for 100 individuals ? Conduct 2 career fairs each year	Local residents better prepared for job market.
Infrastructure improvements	DDOT, DPR, DMPED, NSI	? Improvements to two community parks in the area ? Construction of the Trinidad Recreation Center ? Redevelopment of Alexander Crummell School	Improved neighborhood vitality with public amenities for community use

COORDINATION: LEVERAGING GOVERNMENT INVESTMENTS:

Under the District of Columbia government administrative system, clusters of agencies with allied missions are supervised by Deputy Mayors. The Deputy Mayors use weekly coordination meetings to align resources and activities to match administration priorities. The Mayor's Cabinet Meetings (bi-weekly) are then used to coordinate between and among the clusters of agencies. This system provides for continuous consultation and coordination between agencies and helps to leverage public investment.

The Department of Housing and Community Development (DHCD) is part of the Planning and Economic Development "cluster," and it used the cluster meetings to coordinate its five-year plans for development initiatives with agencies that manage infrastructure, commercial or job development programs, housing /building code and regulatory requirements, and land use planning. To include social services, educational needs and other supportive activities for its projects, the Department Director coordinated through the City Administrator and with the appropriate Deputy Mayor.

In preparing the Five Year and Annual Action Plan for 2006, the Department of Housing and Community Development (DHCD) conducted a broad-based process of consultation with government agencies, non-profit developers; community stakeholders and residents. Participants were provided with a summary document of census information, five-year and annual goals and accomplishments up to this planning process.

Many DC Government agencies also engage in their independent planning processes with the communities they serve through city-wide forums and in specific constituent communities. Through our community consultation process in developing the Five Year and One Year Consolidated Plans, DHCD held "brown-bag" lunch meetings with many agencies and advocacy organizations to ensure that all needs were identified and recommendations considered. (See Appendix D) DC government agencies will be providing many services with local and non-HUD federal funds to our citizens and DHCD includes their key supportive priorities in the Five-Year Consolidated Plan.

A representative of DHCD attends the meetings of the Metropolitan Washington Council of Governments (COG) Committee of Housing Directors to participate in information sharing and initiatives of the Committee. The Department has contracted with COG for its rental housing studies. The Director is also a member of the Comprehensive Housing Policy Task Force, which brings together diverse interest groups and experts to broadly analyze housing needs in the District of Columbia and recommend actions.

As part of its unified strategy, the District will continue to coordinate DHCD's investments in the renewal of affordable housing and community facilities with infrastructure improvements and services needed to create self-sustaining neighborhoods. The Office of the City Administrator can call upon an array of tools to address specific neighborhood needs. A partial summary of

these supportive services appears to support the data captured in the Non-Housing Community Development Needs table on page 44.

Ongoing Consultation and Coordination – Public/Private Entities

The Department makes every effort to coordinate and consult with local and regional groups in planning and implementing its policies and programs. In preparing the Five-Year Plan and 2006 Action Plan, DHCD consulted with the following government agencies, non-profit and for-profit housing developers or financiers, and advocacy organizations: (See Appendix D)

Agencies that provide:

- ✍ Housing and Assisted housing
 - D.C. Housing Authority
 - D.C. Department of Health, HIV/AIDS Administration
 - Deputy Mayor for Children, Youth, Families and Elders
 - D.C. Office on Aging
 - MANNA
 - National Housing Trust
 - William C Smith Co.
 - Greater Washington Urban League
 - Transitional Housing
 - Coalition for Non-Profit Housing and Economic Development
 - City First Bank
 - Marshall Heights Community Development Organization
 - BB&T
 - Building Blocks
 - Enterprise Foundation
 - Latino Economic Development Corporation
- ✍ Health services
 - D.C. Department of Health, Environmental Health Administration
 - D.C. Department of Human Services
 - D.C. Department of Mental Health
- ✍ Social services
 - D.C. Department of Human Services
 - So Others Might Eat (SOME)
 - United Planning Organization (UPO)
- ✍ Homeless services
 - Office of the Deputy Mayor for Children, Youth, Families and Elders
 - The Community Partnership for the Prevention of Homelessness
 - Coalition for the Homeless
 - Community of Hope
 - N Street Village
 - Hannah House
 - Cornerstone
- ✍ Services to persons with disabilities
 - D.C. Department of Health, HIV/AIDS Administration

- The Green Door
- D.C. DHS, Family Services
- ✍ Adjacent units of general local government and other agencies
 - D.C. Housing Finance Agency
 - Metropolitan Police Department
 - D.C. Department of Parks and Recreation
 - D.C. Office of Planning
 - D.C. Water and Sewer Authority
 - D.C. Department of Public Works
 - D.C. Department of Transportation
 - Metropolitan Washington Council of Governments (COG)

Consultation, Lead-Based Paint

Based on data from the 2000 census and the HUD/National Institute of Environmental Health Studies' National Survey of Lead and Allergen in Housing (NSLAH), October 31, 2002, it is estimated that of the 248,338 occupied housing units in the District, 62,809 pre-1978 housing units with LBP hazards are occupied by low income households. (See Footnote 21, page 26.)

In addressing the above need, DHCD consults with public health/child welfare organizations through its principal partner, the Department of Health. It performs this consultation on a range of both subjects and forums. The subjects include the following:

1. On-going DHCD projects (pipeline).
2. Joint reviews of Inspection Risk Assessments.
3. A coordinated approach to remediating known addresses of children with elevated lead levels.
4. Outreach and education
5. Legislation and regulation

Forums for consulting include the following:

1. The Lead Screening Advisory Committee (LSAC): a multi-agency group composed of health care specialists, including physicians, from Children's Hospital, Georgetown University, and the Department of Health, among others. LSAC is the planning vehicle that the center for disease control (CDC) uses to develop and update the Strategic Plan to eliminate Childhood Lead poisoning in the District of Columbia by 2010. DHCD's Lead Safe Washington (LSW) program staff attends the monthly LSAC meetings for coordination and joint planning.
2. Monthly DOH meeting on the first Monday of each month, held at DHCD with a standard agenda covering most of the subjects above.

Efforts to target resources have focused on a planned initiative later in FY05 for direct contact with known addresses of EBL children in the Greater Georgia Avenue/7th Street Corridor. The objective of the initiative is the enrollment and remediation of as many of the EBL properties as resources will allow.